

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 22, 2008

Bill Number: S.B. 538

Authors: Short

Committee Requesting Impact: Senate Finance Committee

Bill Summary

A bill to amend Section 12-6-3360, as amended, Code of Laws of South Carolina, 1976, relating to the job tax credit, so as to re-designate counties as least developed, moderately developed, and developed based on the previous twelve months' average unemployment rate and to adjust the amount of the credit for each new full-time job created in counties in each designation.

REVENUE IMPACT ^{1/}

This bill is expected to have no impact on General Fund revenues in FY2008-09. This bill is expected to reduce General Fund income tax revenues by \$23,333,000 in FY2009-10.

Explanation

This bill amends Section 12-6-3360 altering the methodology of ranking counties for job tax credits and the associated credit amounts for each new full-time job created. Under this provision, only the most recent twelve months of unemployment rate data would be used in ranking counties for job tax credits. This bill also reduces the county designations from five tiers to three tiers and deletes provisions allowing counties to be ranked at increased tier designations. According to the Department of Commerce, an annual average of 14,152 new jobs was created in South Carolina from 2005 to 2007. Under the provisions of this bill, if the same number of new jobs is created in 2009, the BEA estimates that General Fund income tax revenues will be reduced by \$23,333,000 in FY2010-11 as this credit is applicable one year after a job is created.

/s/ William C. Gillespie
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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.